OECD-DAC Peer Review of Italian development system, 2019

Note presented by CINI, AOI and Link 2007

November 2018

With the present Note, Italian NGO networks CINI, AOI and Link 2007 are pleased to jointly submit to OECD-DAC their observations on the changes occurred in the Italian development system in the last five years, as a contribution to the Peer Review process of Italy which will take place in early 2019.

The Note acknowledges the substantial and positive developments which the approval of Law 125/2014 has been bringing to the Italian system, highlighting key issues of interest for NGOs as well as areas of incomplete implementation of Law 125, keeping in mind the Peer Review areas of analysis.

Policy coherence for sustainable development (PCSD)

PCSD appears as one of the areas where improvements have been less visible in the last five years. On one side, mechanisms to promptly correct policies and laws considered incoherent, on the base of impact assessments, do not exist: Law 125/14, in fact, does not formally attribute such a power neither to the Parliament nor to the Interministerial Committee for Development Cooperation (CICS). On the other hand, Law 125/2014 does foresee a chain of responsibility for monitoring on PCSD, but at the moment practical mechanisms are not fully functioning.

For example, meetings of CICS have not yet been dedicated to the verification, ex ante or ex post, of the levels of PCSD achieved by the Italian System of development cooperation, and of the processes in place to promote and verify it.

The drafting of the Three-year Programming and Policy Planning Document (PPPD) does not appear to be based on a previous evaluation of results obtained that takes into consideration PCSD issues.

One of the permanent working groups of CNCS deals with Policy Coherence among other areas of work, but at the moment its activity in terms of auditing and/or evaluation of policy coherence with respect to the 12 areas of policy indicated by the OECD as sensitive is missing.

The National Contact Point for PCSD is not yet sufficiently empowered – also in terms of staff – and has therefore limited capacity to effectively exert his/her role.

Finally, the Parliament is not yet systematically exerting its scrutiny functions on PCSD - including by hearing civil society representations - for example on the coherence between cooperation and trade policy, the internationalization of for-profit actors, migration policy, agricultural policy. Once discussed, results should be converted in specific orientations of the Parliament, in order for CICS to modify incoherent policies.
In addition to mechanisms introduced by Law 125/14, a new Prime Minister’s Directive oversees the implementation of Agenda 2030 and of the National Strategy for Sustainable Development. So far, no information is available on how the two norms may be integrated. The responsibility of coordination on Agenda 2030 lies with the National Commission on Sustainable Development (Economic policy Programming and Coordination Department of the Council of Ministers). The Directive foresees that each Ministry should elaborate an analysis on the PCSD by December each year. By February of the following year, the Council should release a report on the implementation of Agenda 2030. So far, no information is available on the analysis on PCSD that the Ministry of Foreign Affairs and International Cooperation (MAECI) will present in December this year.

Migration is a test case for PCSD: in particular, the integrated policy approach combining solidarity, development and security presents policy coherence challenges which should be clarified, also through a structured dialogue with civil society. The approach seems to be scarcely articulated in its premises, which should be grounded on Agenda 2030 and the Global Compact for Migration; its theory of change appears scarcely related to evidence of effectiveness, not only in terms of development objectives, but also in terms of managing migration flows. Crucially, human rights of migrants are not duly taken into account. Relevant ministries appear to be scarcely participating in the PCSD dialogue: the ministry of Home Affairs (and particularly the Department on Public Security) is scarcely committed to sharing information, while at the same time being very impacting on international security relations with countries such as Libya and Niger, where development cooperation is operating. The same can be said for the Ministry of Defence, considering its new military mission in Niger.

Other ministries, in different policy areas, appear to be analysing their policies with limited consideration for development cooperation: this is the case of the Ministry for Economic Development, which is analysing trade agreement impacts on Italian territories and Small and Medium Enterprises, with no consideration on trade and development of partner countries.

**Policy Vision and Framework**

Law n.125/2014 was born with the aim of ensuring development cooperation has a clear and defined role in the Italian government political and strategic vision. It introduced very positive institutional changes; however, limitations - as far as the development cooperation strategy and policy vision is concerned - still occur.

The document outlining the policy vision of the Italian development co-operation is the PPPD. The PPPD is now articulated on a SDGs basis: this is an important and positive change to confirm the political engagement in backing the 2030 Agenda. However, to avoid it becomes a generic declaration of principles, and to ensure it moves from being a portrait of what exists towards being a strategic document orienting choices, the strategic programming mechanism should be complemented with a clear performance and result framework.

Based on the Law n. 125/2014, the PPPD must be approved by the 31st of March each year. This has not been the case since 2016, resulting in reduced accountability and stakeholder participation. As an example, the mentioned ‘2016-2018’ PPPD was approved approximately one year later than its statutory deadline.

Another important source for the Italian development cooperation strategies are the thematic guidelines, which describe how to practically designing and assessing initiatives. Among the existing ones, a large number need an urgent update (e.g. on gender, agriculture and food security,
on children, on the humanitarian-development nexus and on global health…), in order to be responsive to the current socio-economic context. Respective roles of MAECI and of the Italian Agency for Development Cooperation (AICS) in the process of elaboration of thematic guidelines are being clarified, but there is still no certainty about the process and the associated timelines. The elaboration of many thematic guidelines has been a vivid example of multi-stakeholder processes which took place in the past years and should maintain this very particular feature also in their future review.

Specifically, the implementation of guidelines on crosscutting issues, such as disability and gender, would be more effective by strengthening targeted training for staff and all actors of development on how to mainstream these issues and make them explicit components of development activities; through a monitoring system with dedicated indicators able to engage all stakeholders; and through dedicated resources.

The drafting of the global citizenship education strategy has significantly increased the importance of Education for global citizenship: the document has not yet been endorsed by CICS, but saw the co-participation of both DGCS and AICS in its drafting. An increase in funds is now expected, corresponding to the importance attached to this area. It is also important to develop and implement national and regional action plans as foreseen in the document itself. In order to carry out this activity, the relationship with the Ministry of Education will be of utmost importance, in order to maximize synergies with the national teacher training plans and the National Operational Plan measures in the school.

Regarding the overall role of development co-operation within Italy's political and strategic context, it must be noted that a link between Italy’s foreign politics goals and development cooperation ones is still not fully identified in official documents (starting from the PPPD); as an example, the Italian strategy towards Africa sees a number of interventions and fora not clearly linked together, making it difficult to have a comprehensive picture of Italy’s foreign relations, development, economic investments, migration management and security policies.

Similarly, concrete doubts about the role development cooperation plays within Italian government policies are raised by the fact that – despite the increased interest of the Italian government on the coherence of development policies – the CICS is very rarely convened (3 CICS deliberations in 4 years), and only in relation to programming and reporting documents approvals. Moreover, public information about the meetings and decisions are very scarce.

Finally, in terms of the vision Italy articulates of the role played by civil society, a concerning change in the external environment should be highlighted: since 2017 Italian civil society is increasingly facing attack in the media and in part of the political discourse, initially for the search and rescue activities operated by a number of NGOs in the Mediterranean, today also for the larger solidarity work they carry out in Italy and abroad. The Government did not always contribute to spell out misrepresentations. Italian NGOs recently wrote to AICS, as their supervisory body, asking how it intends to act to protect the reputation of civil society organizations it collaborates with, in the interest of the entire development cooperation system.

Resources

We appreciate Italy reached the 0.30% (ODI/GNI) target three years ahead of the 2020 deadline. We also welcome the new 0.40% ODI/GNI target by 2021 set by the Update to the Economic and
Financial Document 2018, which can be only confirmed by consistent resources allocations in the 2019-2021 Budget Law. At the same time, we underline how the huge increase of In-Donor Refugees Costs (IDRC) played a key role in reaching the 0.30% target. Between 2012 and 2017, the weight of IDRC spending on the overall ODA rose from 9% to 31.4%, which appears in line with OECD-DAC guidelines, but disproportionate if considering that IDRC do not directly produce humanitarian assistance impact in poor countries.

The OECD-DAC Peer Review of Italy 2014 stated that the high level of bilateral spending allocated for debt relief and IDRC, combined with the high quota of ODA spent through the multilateral channel, is concomitant to limited direct interventions through bilateral channels. The OECD remarks remain therefore valid. Similarly, the rebalancing between multilateral and bilateral spending was obtained thanks to the increase of IDRC, and not through a marked net increase of bilateral ODA allocations (IDRC spending in 2016 was 68.80% of the total bilateral ODA).

The geographic allocations criteria are still not clear. The previous OECD-DAC Italian Peer Review affirmed that “Italy would benefit from refining its approach to geographic allocations. The guidance for allocating bilateral resources sets five criteria: level of poverty; geographic and historic proximity; added value; participation in global support to fragile, post-conflict situations; and division of labour (OECD, 2013). However, it is not clear how these criteria apply in practice. Data from Italy’s Memorandum suggest that they apply differently depending on the type of partner countries. Making this approach more explicit in the triennial guidelines would help avoiding discretionary decisions that would increase the fragmentation of the programme”¹. Even though some improvements happened in the last PPPDs, the criteria used to select priority countries remain not fully explained.

With regard to ODA allocation for Least Developed Countries (LDCs), the 0.15-0.20 ODI/GNI target is still far (0.05% in 2015). Further, only 10 out of 22 Italian cooperation priority countries are LDCs.

In terms of sectoral allocations, an effort was made by the Italian cooperation system. However, the 2016-2018 PPPD offers some flexibility of action - in addition to humanitarian emergencies – “so that assistance can be provided in special situations”². We are concerned that this approach may affect the funding as well as the planned geographical and sectorial allocation in front of emerging issues, such as increased migration. An example is Fondo Africa (FA), launched by Italy in 2016 with an initial allocation of 200 million. The main recipient countries in 2017 were Libya and Niger, i.e. key migration transit countries to Europe. At the same time, 5 out of the 6 new international military missions authorized by Italian Parliament in 2018 were in Africa, with Niger and Libya getting larger amount of the financial resources allocated (78% of the 83 million euros).

The attention paid by Italian development cooperation to Niger and Libya as migration routes risks to move Italy away from allocating ODA according to development criteria.

In terms of areas of intervention, from the Annual Report on Development Cooperation Implementation (2015 and 2016)³ it is difficult to understand the mix of resources and sectors of interventions that shape the strategic approach in areas like “migration and development” and “private sector”. It would be useful for the coming years to clarify which financial amount, sector of

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¹ OECD, Development Co-operation Peer Review, Development Assistance Committee: Enabling effective development Italy, 2014, p. 35.
intervention and overall strategy are applied in those thematic areas. For sure, this would be facilitated in particular by the adoption of a strategic framework and evidence-based guidelines on migration and development, as done by countries like Switzerland⁴ and France⁵.

With regard to **private sector engagement**, the Italian cooperation system is struggling in involving companies in development cooperation. One example is given by last Call for Proposals dedicated to the private sector: only 1.6 million euro out of 4.6 million available were allocated. More efforts are therefore needed, and Cassa Depositi e Prestiti (CDP) can play a bigger role. A stronger monitoring system for the SDGs compliance is also needed. Finally, more inclusiveness of different stakeholders, included CSOs, with regard to the External Investment Plan projects will be key.

In terms of **allocations to civil society** organizations, an increasing trend was registered until 2018. This year, on the contrary, the dedicated Call for Proposals allocated 70 million euro: despite the higher overall allocation compared to previous years, this amount represents in fact a substantive decrease compared to 2017. The 2018 allocation covers, in fact, financial commitments for all the years of the approved projects, which was not the case previously.

**Structure and systems: the implementation of L. 125/2014**

With the approval of the Law 125 in 2014, some critical issues of governance which for decades had blurred the definition of accountability, of mandate and of coordination in the Italian cooperation system, as highlighted in previous Peer Reviews (2009 and 2014), have been resolved. The separation of roles and responsibilities between MAECI and Ministry of Economy and Finance (MEF) has been clarified, as well as the separation between the development cooperation policies (Directorate General for Development Cooperation, DGCS) and the operations (AICS), even if there are still overlapping areas and mutual obstacle. CDP has indeed recently started to have a role on blending finance and on managing private sector instruments, while continuing its traditional role of managing the revolving fund for concessional loans.

The process of inclusion of actors and themes is highly appreciable, and we have assisted to a significant improvement in terms of information disclosure and inclusive consultation with CSOs, academia, think tanks and local authorities.

**Implementation of L. 125, however, appears today incomplete.** A key area of concern is the role AICS can effectively play in the frame of the implementation of the reform. Since its implementation, the Agency has never been completely functioning due to the lack of human resources and management roles. AICS is seriously understaffed since its foundation in 2014, needing about 60 technical and administrative officers and 10 office managers. The launch of the selection process is still pending, and the situation undermines the operational capacities of AICS. Currently, AICS role is additionally weakened, due to the protracted delay in the appointment of AICS Director, after the resignation of the previous one in March 2018.

Similarly, while the institutionalization of the dialogue with all kind of actors of development cooperation through the National Council for Development Cooperation (CNCS) has been a very important step, the effective relevance CNCS is credited is still unclear. It has proved to be occasional, and a ritual formal meeting, producing no minutes, very few orientations and no clear

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⁴ Available at: https://bit.ly/2ODoMDw
⁵ Available at: https://bit.ly/2T5vipO
impact on policy coherence. Its actual composition formally expired approximately one year ago, and no redefinition has been discussed yet. The setting up of a semi-parallel structure of inter-ministerial working groups on development cooperation has in part emptied the CNCS of attractiveness for the relevant institutions, and they seldom participate at the meetings. The four CNCS Working Groups (WGs) have very different levels of engagement, and could be further valued by high level representation of stakeholders, more structured agendas and a closer relation with CNCS itself, to which documents produced by the WGs should be effectively transmitted for endorsement.

Also, modification is needed in art. 26 of Law 125, which defines development cooperation actors, including CSOs: subsequent legislation (L. 106/2016 and DL 117/2017) on social economy - the so called “Third Sector” - has modified terms for CSOs, and L. 125 should take the new ones into account. Similarly, the rigid definition of art 26 (no profit organizations) and art. 27 (profit organizations) should be reviewed, since it does not allow to consider actors like cooperatives and fair-trade organizations. Art 28, defining the procedure for collective bargaining of workers in development cooperation sector, has never been implemented, but also this aspect should be harmonized within the framework of the new legislation on Third Sector.

In addition, while institutional structures are in place, many processes are lengthy, or have stopped after having been announced, with no follow up. For example:

- the revision of the outline of the PPPD - initiated in order to make the document more results-oriented – is pending;
- the three years Action Plan for Development Cooperation Effectiveness and the related Consultative Committee for Development Cooperation Effectiveness are not yet finalised: a stakeholder meeting was held in November 2017, defining strategies and criteria, but the Plan is not launched yet, although progress is expected soon.
- the preparation of a Guide for the Evaluation of Development Cooperation interventions (impact evaluation, programs evaluation, lessons learning) and the opening of call for interests from professional evaluators was announced but not realized yet.

Delivery modalities and partnerships: the case of migration-management interventions

Challenges in the delivery modalities and in the quality of partnerships emerge specifically in a number of migration-related interventions. The reference is, in particular, to some interventions related to border management/security/migration control, funded through Fondo Africa (FA), or through the EU Emergency Trust Fund for Africa (EUTF, where Italy is a key implementer).

As highlighted above, it appears that in some partner countries a number of interventions of both the mentioned funds may reflect Italy’s interest in reducing migration flows or promoting its security interests rather than partner country’s development priorities, stepping away from the ownership principle of aid effectiveness.

A limited but significant part of the resources of migration-related interventions appears to be diverted towards border control objectives, with detrimental impact on migrants’ human rights: in

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7 In the case of Niger, for example, these include food security, good governance, human development and infrastructures. Migration management is not mentioned. http://openaid.esteri.it/it/code-lists/recipients/260/?year=2016
the case of Libya, for example, Italian aid was used to provide technical training and maintenance to patrol vessels of the Libyan Coast Guards, despite them having a track record of human rights violations. Law enforcement bodies are similarly supported in other transit countries in order to control irregular migration. Similar uses can hardly be assimilated to the promotion of the economic development and welfare of developing countries, or even to the promotion of public safety\(^8\).

Similarly, in fragile contexts such as Libya, a part of the migration-related interventions seems not to apply a conflict sensitive approach, as partnerships are established with highly unreliable counterparts, involved in the civil conflict.\(^9\)

At the same time, the diplomatic effort put in place in some FA priority countries, such as Libya and Niger, remains obscure: a Memorandum between Italy and Libya was signed in February 2017, in the context of the same response to a migration increase which prompted the creation of the EUTF and FA. However, despite civil society requests, the progress in the implementation of the Memorandum is still unknown, as are the financial resources the Memorandum is supported by. Similarly, an Agreement between Italy and Niger was signed in 2017, but its content, objectives and forms were not disclosed: this was challenged before a Regional Administrative Court, which recently ordered MAECI to make the Agreement public. A degree of conditionality linking the financial commitments under FA with the implementation of the two migration-related agreements appears therefore plausible, although impossible to fully assess. Also, we do not have information on forms of robust political dialogue linking the financial commitments under FA with the respect of human rights in the two countries. It is therefore clear that transparency of FA is an area for improvement: also the limited information today available about its commitments (2017 and 2018) was obtained thanks to dedicated parliamentary questions, combined with requests of access to the file formally submitted by civil society.

A comprehensive monitoring system with clear indicators for the whole FA appears not to be in place: it is therefore unclear if its interventions respond to development or to migration reduction indicators. Furthermore, it is unclear why FA is located under Directorate General for Migratory Policies (DGIT), instead of DGCS: this creates a governance anomaly when DGIT funds AICS projects through FA, as DGCS should instead be entitled to orient its development cooperation interventions.

### Humanitarian assistance

In terms of the framework for humanitarian assistance, Italy has certainly made substantial progress after the approval of Law 125/2014, which defines the respective roles of MAECI and of AICS in providing this assistance. Similarly, Italian membership of the Good Humanitarian Donorship Initiative and the commitments made at the World Humanitarian Summit (May 2016) are a positive development.

However, these commitments have not been translated into strategic guidelines on how funds have to be allocated, particularly in sensitive areas of humanitarian aid such as assistance to migrants and refugees. While the upward trend in the budget for humanitarian operations and some efforts to

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\(^8\) Available at: [http://www.oecd.org/dac/stats/What-is-ODA.pdf](http://www.oecd.org/dac/stats/What-is-ODA.pdf)

\(^9\) The reference is, for example, to the EUTF project “Support to Integrated border and migration management in Libya - First phase”, co-funded by Italy (through FA) and implemented (through the Ministry of Home Affairs) by Italy.
share expertise in disaster management, such as involving Civil Protection, are positive developments, the approach appears to be still depending on the sensitivity of local AICS staff.

Specific guidelines on the Humanitarian-Development Nexus are also needed: in Spring 2018, a multi-stakeholder dialogue on the review of these guidelines was opened, with no follow up.

In terms of **programme design**, some improvements in the procedures have been registered: the reduction in the bank guarantee requested (even if still represents a constraint for many NGOs); or the opportunity for local NGOs – and for European ones, in partnership with Italian NGOs - to apply for funds. Mechanisms for complex emergencies, however, still suffer from inflexible procedures: predictability in terms of funds, time and priorities remain a challenge.

Specifically, a Humanitarian Response Matrix could facilitate the evaluation of the effective need of response. A clearer programming, planned timelines and a schedule of Calls for Proposals would facilitate the design of effective interventions, especially in complex and protracted emergencies. An approach to Clusters and Fora present in the field would avoid overlapping’s. In terms of budget flexibility, the use of EU rules for the budget management of development projects - namely 25% flexibility among headlines and full flexibility among budget lines - would be a welcome change, as no flexibility among headlines is permitted at the moment. Finally, aspects of the project proposal template can be simplified, including the streamlining of the section on relevance and the inclusion of budget tables in the text.

In terms of **effective delivery**, efforts can be done to further speed up funding processes, with a greater attention to impact assessment and less bureaucratic requirements. Reporting is very cumbersome and must be absolutely streamlined. Moreover, the application of management and reporting rules is subject to different interpretation by each local AICS office.

In terms of **results, learning and accountability**: while grant decisions are published, results and lessons learnt are not always public. In addition, the Italian monitoring and evaluation system uses criteria and a methodology which are not sufficiently clear. Also, results of monitoring visits in the field should be systematically shared with implementing partners. A stronger commitment of Italian institutions in identifying shared guidelines for monitoring and evaluation, involving NGOs and implementing partners, is strongly recommended.

Efforts can additionally be done to involve diaspora from the countries of operation in public events addressed to inform the citizens on the achievements of humanitarian actions.

**ACRONIMS**

AICS - Italian Agency for Development Cooperation  
CDP - Cassa Depositi e Prestiti  
CICS - Interministerial Committee for Development Cooperation  
CNCS - National Council for Development Cooperation  
DGCS - Directorate General for Development Cooperation  
DGIT - Directorate General for Migratory Policies  
MAECI - Ministry of Foreign Affairs and International Cooperation  
MEF - Ministry of Economy and Finance  
PPPD - Three-year Programming and Policy Planning Document